

SECTION C - DRAFT CONTRACT (CONTINUED FROM PART I)**TABLE OF CONTENTS**

PART II – FINANCIAL TERMS.....	3
1.0 PRICING TYPE AND CONTRACT VALUE.....	3
2.0 PAYMENT SCHEDULE	3
3.0 PRICING INSTRUCTIONS FOR CHANGE ORDERS/MODIFICATIONS	5
4.0 TAXES.....	7
5.0 PAYMENT TERMS.....	7
6.0 DEFINITIONS.....	8
7.0 ASSUMPTIONS.....	8
8.0 INVOICING INSTRUCTIONS.....	8
9.0 CLOSEOUT AND FINAL PAYMENT.....	12
10.0 SPECIAL INSTRUCTIONS	12
PART III – GENERAL PROVISIONS	1
1.0 General Provisions.....	1
2.0 General Provisions (revision 015, March 21, 2005).....	1
PART IV – SPECIAL TERMS.....	1
1.0 ADMINISTRATION.....	1
2.0 OTHER SPECIAL PROVISIONS	8

Parts II, III, and IV
Financial Provisions, General Provisions, and Special Terms

PART II – FINANCIAL TERMS**1.0 PRICING TYPE AND CONTRACT VALUE**

The Contractor is hereby notified that effective on December 9, 2005, the Contractor is awarded a Master Contract for the delivery/performance of the item(s) above in accordance with all the requirements and conditions set forth or by reference attached herein.

The term of this Contract shall commence on the date of award and shall end on September 30, 2006 unless extended by the parties or unless terminated by other provisions of this Contract. It is the intent of this contract to be extended to the completion of Fluor's prime contract with DOE.

This Contract is a Master Contract. Specific Contract Releases against this Master, will be awarded based on competitive proposals for task specific statements of work. There is no value assigned by this Master contract. However the financial terms and conditions are specified herein and will not be repeated in individual contract releases.

2.0 PAYMENT SCHEDULE

- A. Task specific. See individual contract release for fixed unit price pay item list.
- B. Full compensation to Contractor for full and complete performance by Contractor of all Work, compliance with all terms and conditions of this Contract, and for Contractor's payment of all obligations incurred in, or applicable to, performance of the Work, shall be the sum of the lump sums and the value of the unit prices set forth in the contract releases.
- C. The Contract Price, pricing for changes, and all other prices and rates set forth herein shall include, but shall not be limited to all taxes, duties, fees, and insurance.
- D. The Contract Price, pricing for changes, and all other prices and rates set forth herein includes each and every item of Contractor's costs, expenses, overhead, and profit for complete performance of the Work.
- E. The Contract Price, pricing for changes, and all other prices and rates set forth herein shall include receipt, offloading, storage and subsequent handling of materials to be installed under the Contract, and the loading, transport and disposal of surplus materials (except those which fall under Fluor Waste Management or Radiation Protection controls).
- F. The Contract Price, pricing for changes, unit prices, and all other prices and rates set forth in the contract release are firm for the duration of the Work under the release until accepted by FH.

- G. The Contract Release price is estimated to the extent only that it is derived from the unit prices extended by the estimated quantities set forth herein. The final Contract Price shall be determined from the unit prices extended by the actual installed quantities of Work, measured in accordance with the Contract Release Unit Prices and Methods of Measurements. A future Contract modification against the Contract Release shall be executed to reflect any difference between the provisional and the final Contract Price.
- H. The lump sum prices for each release for training and mobilization, demobilization shall be fixed and firm and shall not be subject to adjustment based upon any additions or deletions, irrespective of any change to the unit price portion of the Work, except at the express written order of Fluor Hanford, and in that event, shall be adjusted in accordance with the supplemental unit prices listed in the Contract Release.
- I. The lump sum and all unit prices shall apply regardless of when the Work is performed, be it day or night or a holiday, unless Company accepts in writing, prior to performance, that work performed outside of normal working hours is subject to additional compensation to Contractor. Compensation for changes to the Work performed using all-in labor rates shall be commensurate with the supplemental unit prices listed in the Contract Release.
- J. All prices and rates set forth herein shall include all costs associated with, and relative to, performing Work in accordance with all applicable local state and federal safety regulations, as well as Fluor Hanford's safety, security, and fire regulations as specified in the SP-5, Special Provisions for On-Site Services, and the Statement of Work for the Master Contract, and as supplemented by the Contract Release Statement of Work.
- K. The unit prices contained in the Contract are based on estimated quantities and shall remain firm, regardless of the final quantities.
- L. The unit prices shall be deemed to include each and every item of expense to perform the Work in the respective categories.
- M. All unit prices set forth in the Contract Release shall apply whether the Work is performed by Contractor's own labor or by sub-contractor's labor.
- N. Contractor shall have the responsibility for establishing the measurement of Work performed on a unit price basis. Contractor shall submit measurement of installed quantities for FH approval on their daily reports submitted to the BTR and shall be summarized on all invoices for the work performed.
- O. Failure by the Contractor to assess fully the scope of work as required and described by CONTRACT PART I – SCOPE OF WORK, for each Contract

Release shall not be accepted as a basis for variations to the lump sums or the unit prices for changes.

- P. No increase in price shall be permitted for causes which the Contractor has failed to take into account, but which could have been foreseen.
- Q. In no event shall the not to exceed value of Contract Release be exceeded without appropriate approval of pricing for changes as described below.

3.0 PRICING INSTRUCTIONS FOR CHANGE ORDERS/MODIFICATIONS

- A. All changes shall be approved in writing by the Contract Officer prior to work in the field on a format acceptable by the Contract Officer. See also General Provisions.
- B. FH may request, and Contractor shall provide, proposals for scope of work changes (additions and deletions) which are priced, at FH's option, by one or a combination of the following methods.
 - 1. Negotiated lump sums based upon a mutually agreed scope of work.
 - 2. Applicable unit prices as set forth in the supplemental unit pricing for a given Contract Release.
 - 3. Negotiated unit prices not previously established in the Contract Release.
 - 4. On a time and material basis, at the labor and equipment rates set forth in the supplemental unit pricing for a given Contract Release
- C. Unit Prices for Changes
 - 1. Contractor shall have the responsibility for take-off of quantities and otherwise establishing the measurement of Work that is performed on a unit price basis.
 - 2. All unit prices shall apply at one hundred percent (100%) of their value for both additions and deletions to the Work.
 - 3. All unit prices shall apply whether the Work is performed by Contractor's own forces or by a sub-contractor's labor.
 - 4. All unit prices shall be deemed to include each and every item of expense required to perform the Work in the respective categories.
- D. Time and Material Basis for Changes

If FH directs that changes to the Work be performed on a time and material basis, compensation to Contractor for such changes shall be as follows.

1. All-inclusive labor rates set forth in the Supplemental Unit Price tables for the Contract Release shall be applied to all agreed hours worked. All labor used for changes and which does not resemble the classifications listed in the Supplemental Unit Price tables, must be approved by FH prior to their use.
2. Construction equipment rates set forth in the Supplemental Unit Price tables for the Contract Release shall apply for equipment used for extra work requested by FH.
3. For equipment which is specifically transported to the jobsite for extra work, Contractor shall separately identify such transportation costs (including loading, off-loading, assembly and disassembly) when submitting proposals to Company for performing extra work. Transportation costs shall not be applicable to equipment already mobilized on the site.
4. When Contractor's equipment does not resemble the equipment having rates listed in the Contract Release Unit Price or Supplemental Unit Price tables, the rate shall be negotiated and agreed upon in writing by FH.
5. Compensation to Contractor for equipment used for extra work which is rented or leased for third parties and which does not resemble the equipment having rates listed in the Contract Release Unit Price tables, must be approved by Company in writing prior to rental and shall be at actual cost to Contractor, including transportation to site, (as substantiated by invoices certified paid or by such documentation as may be required by FH) plus a mark-up, for all profit and overhead expense of Contractor thereon, of 10%.
6. Compensation to Contractor for materials supplied by Contractor for incorporation into the permanent facilities (excluding consumable, expendable, and small tools) shall be at actual invoiced cost to Contractor (exclusive of taxes) including transportation to site, as substantiated by invoices certified paid or by such documentation as may be required by Company, plus a mark-up on the material costs only, for all profit and overhead expense of Contractor thereon, of 10%.
7. Company reserves the right to provide, at no cost to Contractor, materials, equipment, services, supplies or incidentals required to perform the Work.
8. All refunds, trade discounts, rebates on materials, supplies and services, and all monies obtained from the disposal of surplus materials or supplies shall accrue to FH.

9. Subject to the audit provisions of this Contract, all materials authorized by Company to be supplied by Contractor must be procured in such a manner as to ensure their competitiveness in both price and schedule.
10. All subcontracts and services provided by others for performance of changes or extra work requested by Company, which have not been objected to by Company shall be at actual cost to Contractor of such subcontracts or services provided by others (not to exceed such subcontract Price) plus a mark-up, for all profit and overhead expense of Contractor thereon which shall not exceed 10 %.
11. For all work performed on a time and material basis, including FH caused stand by, Contractor shall specifically identify such time and materials on the Contractor's daily report for approval by FH Buyer's Technical Representative.

4.0 TAXES

- 4.1 Pricing for changes, and all other prices and rates set forth herein, includes all taxes, duties, fees and other assessments of whatever nature imposed by government authorities and applicable to the performance of the Work and this Contract. Contractor shall not be reimbursed for personal property taxes on construction equipment and other property owned by Contractor, and taxes on net income of Contractor. Contractor shall promptly pay when due, all such taxes, duties, fees and other assessments of whatever nature.
- 4.2 Contractor shall promptly pay when due, all such taxes, duties, fees and other assessments set forth in Section 4.1
- 4.3 Contractor shall be responsible for maintaining and furnishing the necessary records and documentation required by government authorities to apply for and obtain tax and duty refunds.

5.0 PAYMENT TERMS

5.1 Estimated Cost of Contract

The Contractor shall not exceed the contract release amount without specific written authorization from the Contract Officer.

5.2 Estimated Billing

It is mandatory for continued acceptable performance that the Contractor provide monthly, to Fluor Hanford Accounts Payable, and the Contract Officer the best estimate of the total billable cost (invoiced plus invoiceable) from inception of the contract through the current calendar month end. This information must be provided by email

(preferred), fax, or mail by the 15th of each month. Provide the data to the following addresses:

Email: ap_accruals@rl.gov

Mailing Address:

Fluor Hanford Inc.
2430 Stevens Drive
PO Box 1000
Richland, WA 99352
Attn: Accruals MSIN G1-80

Monthly Contract-to-Date Cost Estimate Form can be obtained at the following Internet Address:

<http://www.hanford.gov/pmm/downloads/download.htm>

5.3 Contractor shall prepare all invoices in a form satisfactory to and approved by FH. In the event an invoice is submitted, in accordance with Contract terms, for Work accomplished on a reimbursable or unit price/unit rate basis, it shall be accompanied by documentation supporting each element of measurement and/or cost. Any invoice submitted, which fails to comply with the terms of this Contract, including the requirements of form and documentation, may be returned to Contractor. Any costs associated with the resubmission of a proper invoice shall be to Contractor's account.

5.4 At Company's requests, Contractor shall furnish evidence, satisfactory to FH, that all labor and materials furnished and equipment used during the period covered by an invoice have been paid for in full and that the Work is not subject to liens or claims on account thereof. Company may withhold payment of invoices until Contractor furnishes such evidence.

6.0 DEFINITIONS

There are no special definitions applicable to this contract.

7.0 ASSUMPTIONS

There are no special assumptions applicable to this contract.

8.0 INVOICING INSTRUCTIONS

8.1 Contractor Invoices

The following process shall be used on Invoices submitted to Fluor Hanford. Failure to do so may result in Delayed Payment or Returned Invoices.

General Requirements

1. Submittal of an invoice constitutes Contractor's certification that materials, work and/or services have been provided, and invoiced amounts are, in accordance with the contract provisions.
2. Invoices may be submitted electronically in a format acceptable to FH (this is preferred).
3. Each Contract Release must be invoiced separately.
4. The invoice must clearly & legibly identify the Contractor's Name and Invoice Number as well as Contract Release Number.
5. Each invoice should include the name and telephone number of a company representative available to respond to invoice questions.
6. Remittance will only be made to the remittance address on file for the contractor.
7. Invoices from third parties or with different remittance instructions or addresses will not be processed.
8. Questions or requests for exceptions should be addressed to the Contract Officer.
9. The Contractor shall submit an original invoice and supporting documentation to FH's Accounts Payable organization at the address below (unless otherwise directed in the contract)

Fluor Hanford
Accounts Payable Mail Stop: G1-80
P.O. Box 1000
Richland, WA 99352

10. A duplicate copy of the invoice and supporting documentation shall be e-mailed or mailed to.

Robert_D_Miles@rl.gov

or

Robert D. Miles
Project Subcontracts Mail Stop: H7-10
P.O. Box 1000
Richland, WA 99352

11. Unless otherwise authorized in the contract, invoices for services may not be submitted more than once every 15 days, nor less than once every 90 days.

12. The total amount due for the billing period must be clearly identified on all invoices (this amount should be set apart from any cumulative amounts or subtotals included on the invoice).
13. The Contractor shall indicate the labor rate, number of hours, and period of performance being billed on each invoice, when applicable.
14. Invoiced rates, or other direct charges must be specifically defined in the contract to be allowable for reimbursement (unauthorized deviations may result in disapproval of such charges).
15. Travel expenses are not authorized.

8.2 Cost Adjustments

- A. The cost(s) of this Contract are subject to adjustment based on the resolution of recommendations contained in any report of Government Audit in accordance with cost principles contained in the Department of Energy Acquisition Regulations and the Federal Acquisition Regulations.
- B. Backcharges
 1. A backcharge is a cost sustained by FH and chargeable to Contractor for FH's performance of work that is the responsibility of Contractor.
 2. Without limitation and by way of example only, backcharges may result from:
 - a. Services performed by FH, at Contractor's request, for work which is within Contractor's scope of work under a Contract Release.
 - b. Costs sustained by FH as a result of Contractor's non-compliance with the provisions of this Contract or Contractor's act of omission or negligence.
 - c. Costs incurred by FH to fix all defects, deficiencies or errors that may appear in the Work during the warranty period.
 3. Upon identification of FH of an actual or anticipated backcharge, FH will issue a backcharge notice to Contractor. This notice shall describe the backcharge Work to be performed, the schedule period for performance, the cost to be charged by FH to Contractor for the backcharge and other terms.
 4. The backcharge cost shall consist of:
 - a. Labor: at actual cost plus fifty-five percent (55%) to cover payroll additives;

- b. Materials: at actual supplier and freight invoice cost delivered to jobsite;
 - c. Construction Equipment: at actual third party rental cost or at Company's equipment rental rates, whichever may be applicable;
 - d. Subcontracts: At actual cost;
 - e. All taxes, levies, duties and assessments attributable to the backcharge Work;
 - f. Twenty-five percent (25%) shall be added to the foregoing for indirect costs, overhead, supervision and administration.
5. Within twenty-four (24) hours after receipt of the backcharge notice, Contractor shall fax back to Company a signed copy of the backcharge notice, indicating either acceptance of the backcharge or agreement to perform the described backcharge work within the indicated schedule period for performance, utilizing Contractor supplied labor, material and equipment, as applicable.
6. Contractor will be required to sign the backcharge notice before commencement of the backcharge work by FH or others. In the event Contractor refuses to sign, FH shall at its option proceed with backcharge work and charge the backcharge cost to Contractor's account. Thirty (30) calendar days after commencement of the backcharge work or on completion of the backcharge work, whichever occurs sooner, FH will invoice Contractor for the incurred backcharge cost, or deduct the amount from any outstanding Contractor invoices.

8.3 Invoices and Payments (Electronic)

Invoices shall be submitted electronically via e-mail to both Fluor Hanford Accounts Payable at the following e-mail address: FH_ap_invoices@rl.gov (FH_ap_invoices@rl.gov) and (in the same email) to the Contract Officer at [Robert D Miles@rl.gov](mailto:Robert_D_Miles@rl.gov). The company name, invoice number, and the contract and release numbers must be shown in the subject line of the e-mail message used to submit an electronic invoice. The suggested format for the subject line is: Contractor Name, Invoice XXXXX, Contract XXXXX-X.

If payments will be made via Electronic Funds Transfer (EFT), an "Authorization for Electronic Funds Transfer of Invoice Payments" form must be completed and returned before payments can be made. <http://www.hanford.gov/pmm/downloads/Other/eft.pdf>

Submittal of an invoice constitutes certification that services have been delivered and invoice rates are in accordance with the Contract. An electronically submitted invoice

will be accepted as an original invoice when authorized by the Contract and received by FH AP. Unauthorized deviations will result in disapproval of the invoice.

9.0 CLOSEOUT AND FINAL PAYMENT

9.1 Closeout Certification

Contractor shall properly execute and mail to FH a final release, in a format acceptable to FH, within five working days from the last date services are provided hereunder and/or the date of the last shipment made hereunder. Final payment will not be made until a final release is properly executed and received by FH. Ref.:

http://www.hanford.gov/pmm/downloads/Other/Final_Release.pdf

10.0 SPECIAL INSTRUCTIONS

10.1 Availability of Funds

Funds are not presently available for this Contract. FH's obligation under this Contract is contingent upon the availability of funds from which payment for contract purposes can be made. No legal liability on the part of FH for any payment may arise until funds are made available to FH for a specific Contract Release and until tFH receives notice of such availability, to be confirmed in writing by FH.

END OF PART II – FINANCIAL TERMS

TITLE: MASTER DRILLING CONTRACT

PART III – GENERAL PROVISIONS

1.0 GENERAL PROVISIONS

The provisions, forms, documents and attachments listed below are hereby incorporated into and made a part of this contract. Contractor is responsible for downloading and complying with the applicable revision as identified below.

2.0 GENERAL PROVISIONS (REVISION 015, MARCH 21, 2005)

Terms and conditions applicable to contracts requiring use of Government provisions found in the Federal Acquisition Regulation (FAR) or the DOE Acquisition Regulation (DEAR).

<http://www.hanford.gov/pmm/downloads/Provisions/gpr015.pdf>

END OF PART III – GENERAL PROVISIONS

TITLE: MASTER DRILLING CONTRACT

PART IV – SPECIAL TERMS

1.0 ADMINISTRATION

1.1 Contract Correspondence

FH's Mailing Address:

Attn: [Robert D. Miles, P.E.](#)
Fluor Hanford, Inc.
PO Box 1000, Mail Stop: H7-10
Richland, WA 99352

FH's Street Address:

Attn: [Robert D. Miles, P.E.](#)
Fluor Hanford, Inc.
2430 Stevens Center, Room 165
Richland, WA 99352

1.2 Authorized Personnel

Only the following named Contract individuals are authorized to make changes to this document:

Contract Officer, [Robert D. Miles, P.E.](#)

Contracts Manager, [Mike Brubaker](#)

1.3 Electronic Mail Capability

The Contractor shall provide and maintain Internet and electronic mail capability for the duration of the Contract. The Contractor's email account shall be able to send and receive attached documents of up to 1/2 megabyte in size. Correspondence and Administrative messages concerning this contract will be conducted via email in current versions of Microsoft Office applications, ASCII text, RTF, PDF, ZIP and other commonly used file formats. In addition, information, data and forms may be posted on FH's Internet web site for downloading by the Contractor.

1.4 Requests for Clarification or Information

Where necessary, the Contractor may elect to submit a formal requests for Clarification or Information as necessary to obtain technical clarifications using the Request for Clarification or Information (RCI) Form. Instructions for completion of the RCI Form

TITLE: MASTER DRILLING CONTRACT

are included with the form. The inquiry portion of the RCI Form shall be completed by the Contractor, including a determination of priority and an identification of schedule delay with the issue, if applicable. RCI Form numbering shall be left blank and assigned by FH upon receipt. FH will complete an evaluation, and provide a disposition and determine additional actions required, when appropriate. The purpose of the form is to facilitate formal communications when necessary.

1.5 Holiday and Work Schedules

NOTICE: Daily work schedules and facility operations are NOT consistent on the Hanford Site. In addition, some organizations and facilities observe alternate Friday closures.

Accordingly, BEFORE scheduling deliveries, the Contractor shall make specific schedule arrangements for the delivery of materials with FH, Facility Manager, Delivery Warehouse Manager, Building Manager, etc.

FH will not be liable for the cost of any delays, demurrage, layover, extra travel days, etc. which result from Contractor's failure to obtain a specific schedule in advance.

1.6 Key Personnel

Contractor agrees those individuals determined to be key individuals will not be reassigned without the written agreement of FH. Whenever, for any reason, one or more of these individuals are unavailable for assignment for work under this Contract the Contractor, with the approval of FH, shall replace such individual with an individual substantially equal in abilities or qualifications.

The following named individuals have been determined to be key personnel assigned to the performance of this Contract. <<Key personnel>>

1.7 Service Contract Act of 1965

This Contract is subject to the McNamara-O'Hara Service Contract Act of 1965 (SCA) as specified in Special Provision SP-6. The Department of Labor Wage Determination No., <<Determination No.>> is incorporated herein. (If blank, a Wage Determination may be incorporated later by modification).

In accordance with the SCA, the contractor shall pay service employees, employed in the performance of this contract, no less than the minimum wage and furnish fringe benefits in accordance with the incorporated Wage Determination.

During the term of this contract, FH may unilaterally modify this contract to incorporate revised Wage Determinations. If a Wage Determination (or revision) is incorporated

TITLE: MASTER DRILLING CONTRACT

after award and the contractor has to adjust rates payable to employees covered by the SCA in order to comply with the specified minimum wages and fringe benefits, the contractor may request an equitable adjustment in accordance with Special Provision SP-6 and other provisions of this contract.

For reference, a copy of the most recent Hanford Area Blanket Wage Determination is posted on the acquisition web site at <http://www.hanford.gov/pmm/downloads/download.htm>. A Directory of Occupations and more information about the Service Contract Act can be found on the Department of Labor web site at <http://www.dol.gov/esa/regs/compliance/whd/wage/main.htm>.

1.8 Contractor – FH Interface

FH and the Contractor will interface only through FH's Contract Officer for clarifications and questions.

1.9 Other Interfaces

Additional FH contacts will be identified at the kickoff meeting for each Contract Release.

1.10 Designation of Technical Representative

FH hereby designates the following as Buyer's Technical Representative, (BTR) for this Contract: Chris Wright (Master Contract SOW only), a field BTR will be appointed for each Contract Release.

The BTR is responsible for monitoring and providing technical guidance for this Contract and should be contacted regarding questions or problems of a technical nature. The BTR is also responsible for appropriate surveillance of the Contractor's representative while on site. In no event, however, will an understanding or agreement, modification, change order, or any deviation from the terms of this Contract be effective or binding upon FH unless formalized by proper Contract documents executed by the Contract Officer prior to completion of this Contract. On all matters that pertain to Contract terms, the Contractor shall contact the Contract Officer specified within this Contract. When in the opinion of the Contractor, the BTR requests or directs efforts outside the existing scope of the Contract, the Contractor shall promptly notify the Contract Officer in writing. The BTR does not possess any explicit, apparent or implied authority to modify the contract. No action should be taken until the Contract Officer makes a determination and/or modifies the contract.

1.11 Inspection of Services – Cost Reimbursement

TITLE: MASTER DRILLING CONTRACT

1. Definitions. “Services,” as used in this clause, includes services performed and, when applicable, materials furnished or utilized in the performance of services.
2. Contractor shall provide and maintain an internal quality control/inspection system covering the services performed under this Contract. This system must be acceptable to FH. However, FH acceptance of Contractor’s internal quality control/inspection system does not relieve Contractor in any way for full responsibility for performance.
3. Complete records of all inspections performed by Contractor on work related to the requirements of this Contract shall be maintained and made available to FH during contract performance, and for as long afterwards as is required by the General Provisions of this Contract.
4. FH reserves the right to inspect and test all services called for by the Contract, to the extent practicable, at all times and places during the term of the Contract. This right shall extend to any of Contractor’s subcontractors or suppliers at any tier whose work applies directly to this Contract. Contractor shall make such provisions as necessary in its subcontracts and Contracts to ensure the preservation of this right. FH shall perform inspections and tests in a manner that will not unduly delay the work.
5. If any of the services provided by Contractor under this Contract do not conform to its requirements, FH may require Contractor to perform the services again in conformity with Contract requirements, at no additional fee, if a fee is payable under other provisions of this Contract. When defects in services cannot be corrected by re-performance, FH may: (1) require Contractor to take necessary action to ensure that future performance conforms to contractual requirements and (2) reduce any fee payable under this Contract to reflect the reduced value of the services performed.
6. If Contractor again fails to promptly perform the services or to take necessary action to ensure future performance in conformity with contractual requirements, FH may: (1) by contract or otherwise, perform the services and reduce any fee payable by an amount that is equitable under the circumstances or (2) terminate the Contract for default in accordance with SP-2, “Special Provisions - Cost Reimbursement Contracts.”

1.12 Option to Extend the Term of the Contract

This contract includes the option(s) to extend the term identified herein. The total period of performance of the contract includes the base period plus the optional period(s) that may be exercised by FH. FH will exercise the option(s) by providing thirty day written notice to the contractor prior to expiration of the contract’s current period of

TITLE: MASTER DRILLING CONTRACT

performance. It is the intent of this Master Contract for it to run for the duration of the FH period of performance under their DOE prime contract.

1.13 Ceiling Price (Contract Releases)

A ceiling price shall be specified in each individual Contract Release. FH shall not be obligated to pay the Contractor any amount in excess of the individual Contract Release ceiling price or the not-to-exceed amount specified in the Contract, whichever is less, and Contractor shall not be obligated to continue performance if to do so would exceed the Contract Release ceiling price, unless and until FH shall have notified the Contractor in writing that the Contract Release ceiling price has been increased and shall have specified in the notice a revised Contract Release ceiling price that shall constitute the new Contract Release ceiling price for performance under the Contract Release. When and to the extent that the Contract Release ceiling price has been increased, any hours expended and materials costs incurred by the Contractor in excess of the Contract Release ceiling price before the increase shall be allowable to the same extent as if hours expended and material costs have been incurred after the increase in the Contract Release ceiling price.

1.14 Work Ordering Procedure for Contract Releases

From time to time FH may request work to be performed by the Contractor under this Contract as separate releases and/or tasks as part of a specific release using the following process.

1. A workscope or Statement of Work will be provided by FH to the Contractor soliciting a proposal for the effort to be performed and schedule of performance.
2. The Contractor shall respond within five working days or such longer period as FH may authorize in the solicitation. Contractor's Proposal shall address the workscope requirements and shall typically include; a management plan, milestone schedule, cost plan and a manpower utilization plan.
3. If the Proposal is acceptable to FH, a Release to perform the work may be issued in accordance with the terms of this Contract. Each Release shall be numbered or identified.
4. The Contractor shall not begin work on any Release or Release Revision prior to receipt of written authorization to proceed from the Contract Officer.

1.15 Hanford Site Stabilization Agreement

In accordance with Special Provision SP-4 section 7.0 and prior to award of any contract for construction and/or Davis Bacon covered work to be done on the Hanford Site the contractor and any subcontractors must be signatories to the Hanford Site Stabilization

TITLE: MASTER DRILLING CONTRACT

Agreement (HSSA) including all appendices and most recent changes. A signed Employer Compliance Agreement must be provided to FH with each proposal and kept current and in force during performance of any resulting contract. Reference copies of the Employer Compliance Agreement, the HSSA and amendments are posted on FH Acquisition web site.

1.16 Integrated Safety and Health Management (ISMS)

All work performed on the Hanford site shall be accomplished safely in accordance with all applicable Environmental, Safety and Health Requirements. Reference Special Provision SP-5, section 2.

Based on a review of the work scope for this contract, FH has determined that this contract merits increased attention to safety performance. Accordingly contractor is required to apply the guiding principles and core function of ISMS as referred to in the Special Provisions.

The contractor shall submit the safety documentation, submittals, and / or safety plan specified by FH in the Contract Release, Statement of Work, Section 6.0 before performing any work on site (unless specifically waived by FH).

1.17 Work Schedules

Daily work schedules, facility operations and holidays are NOT consistent on the Hanford Site. In addition, some organizations and facilities observe alternate Friday closures.

Accordingly, the Contractor shall make specific schedule arrangements with the BTR and/or facility manager in advance of performance.

FH will not be liable for the cost of any delays, which result from Contractor's failure to obtain a specific schedule agreement in advance.

1.18 Limitation of Liability – Services

1. Except as provided in paragraphs 2 and 3 below, and except to the extent that the Contractor is expressly responsible under this Contract for deficiencies in the services required to be performed under it (including any materials furnished in conjunction with those services), the Contractor shall not be liable for loss of or damage to property of the Government that (1) occurs after FH acceptance of services performed under this Contract and (2) results from any defects or deficiencies in the services performed or materials furnished.

TITLE: MASTER DRILLING CONTRACT

2. The limitation of liability under paragraph 1 above shall not apply when a defect or deficiency in, or FH's acceptance of, services performed or materials furnished results from willful misconduct or lack of good faith on the part of any of the Contractor's managerial personnel. The term "Contractor's Managerial Personnel", as used in this clause, means the Contractor's directors, officers, and any of the Contractor's managers, superintendents, or equivalent representatives who have supervision or direction of:

- a. All or substantially all of the Contractor's business;
- b. All or substantially all of the Contractor's operations at any one plant, laboratory, or separate location at which the Contract is being performed; or
- c. A separate and complete major industrial operation connected with the performance of the Contract.

3. If the Contractor carries insurance, or has established a reserve for self-insurance, covering liability for loss or damage suffered by the Government or FH through the Contractor's performance of services or furnishing of material under this Contract, the Contractor shall be liable to the Government or FH, to the extent of such insurance or reserve, for loss of or damage to property of the Government occurring after FH's acceptance of, and resulting from any defects and deficiencies, in services performed or materials furnished under this Contract.

4. The Contractor shall include this clause, including this paragraph, supplemented as necessary to reflect the relationship of the contracting parties, in all lower-tier subcontracts over \$25,000.

1.19 Independent Contractor

1. Contractor shall perform all work required by this Contract as an independent contractor and not as an agent or employee of FH or the Government.

2. Acceptance of this contract constitutes contractor's certification that any required business licenses, permits, tax identification requirements, principle place of business identification, etc. have been addressed and are the sole responsibility of contractor.

3. Contractor shall pay all wages, salaries and other amounts due its employees in connection with this Contract. Contractor is responsible for all reports, obligations and payments regarding such employees relating to social security, state and federal taxes, license fees, withholding, unemployment compensation, workers compensation and similar matters. Upon FH's written request, Contractor shall promptly provide documentation substantiating its compliance with the requirements of this paragraph.

TITLE: MASTER DRILLING CONTRACT

4. Contractor shall maintain complete control over its Employees, Agents, Representatives and Subcontractors at any tier and shall be responsible for the proper performance of all work required by this Contract, including any such work which may be done by Suppliers or Subcontractors at any tier.

5. Contractor does not have, nor shall it represent that it has, any authority to bind FH or the Government.

6. Unless specifically identified in the contract, contractor shall supply and use its own equipment, supplies and means of performance.

2.0 OTHER SPECIAL PROVISIONS

The provisions, forms, documents and attachments listed below are hereby incorporated into and made a part of this contract. Contractor is responsible for downloading and complying with the applicable revision as identified below.

2.1 Special Provisions - Application of Federal Cost Accounting Standards (SP-3 revision 001, May 25, 2000)

<http://www.hanford.gov/pmm/downloads/Provisions/sp-3.pdf>

2.2 Special Provisions - Fixed Price Construction Contracts (SP-4 revision 007, March 8, 2004)

<http://www.hanford.gov/pmm/downloads/Provisions/Sp-4r007.pdf>

2.3 Special Provisions - On-Site Services (SP-5 revision 008, April 26, 2005)

<http://www.hanford.gov/pmm/downloads/Provisions/sp-5r008.pdf>

2.4 Special Provisions - Service Contract Act of 1965 (SP-6 revision 001, January 29, 2003)

<http://www.hanford.gov/pmm/downloads/Provisions/sp-6.pdf>

2.5 Special Provisions - Organizational Conflict of Interest (SP-9 revision 002, August 30, 2001)

<http://www.hanford.gov/pmm/downloads/Provisions/sp-9.pdf>

2.6 Special Provisions -Classification/Security/Foreign Control (SP-10 revision 002, April 23, 2002)

TITLE: MASTER DRILLING CONTRACT

<http://www.hanford.gov/pmm/downloads/Provisions/sp-10.pdf>

**2.7 Special Provisions - Subcontracting Plan
(SP-11 revision 003, January 28, 2003)**

<http://www.hanford.gov/pmm/downloads/Provisions/sp-11.pdf>

**2.8 Special Provisions - Government Property
(SP-12 revision 002, January 28, 2003)**

<http://www.hanford.gov/pmm/downloads/Provisions/sp-12.pdf>

**2.9 Special Provisions - General Transportation Instructions
(SP-13 revision 002, March 21, 2005)**

<http://www.hanford.gov/pmm/downloads/Provisions/sp-13r002.pdf>

**2.10 Special Provisions - Hazardous Waste Transportation and Disposal
(SP-14 revision 000, November 6, 1997)**

<http://www.hanford.gov/pmm/downloads/Provisions/sp-14.pdf>

**2.11 Special Provisions - Time and Materials (T&M) and Labor Hour (LH) Contracts
(SP-19 revision 001, February 20, 2002)**

<http://www.hanford.gov/pmm/downloads/Provisions/sp-19.pdf>

END OF PART IV – SPECIAL TERMS